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PLENTY OF ROOM FOR IMPROVEMENT

Economic growth in Pennsylvania continues to ease based upon trends through this year's first quarter. Much of the slack is in the goods producing industries. However, trends also point to some slowing in the service producing industries, especially in retail trade. These developments mirror the situation in the national economy.

As was the case in the mid 1980s, **the Commonwealth's performance relative to the U.S.' provides some cause for concern.** This is especially evident in recent employment/unemployment trends. Over much of the 1984-1989 period, employment growth in Pennsylvania hovered in the 2-3 percent range (chart). Additionally, after trailing the U.S. for several years, growth in the Commonwealth was stronger than in the nation in 1988 and 1989. So far this year, employment in the State is down nearly 0.5 percent from a year ago while it is up 1 percent nationwide.

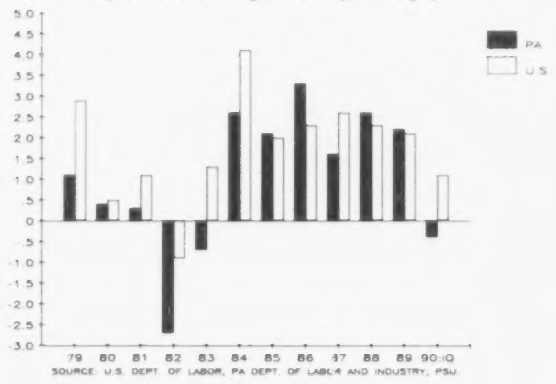
Similarly, the jobless rate declined in six consecutive years through 1989 (chart). Also, after coming in above the U.S. reading throughout the late 1970s and early 1980s, the jobless rate was lower than in the nation during the 1986-1989 period. During this year's first three months, the jobless rate in Pennsylvania averaged 5.4 percent, seasonally adjusted. This represents a gain of 0.9 percentage point from the 1989 average and is also above the 5.2 percent U.S. reading.

During this year's first quarter, unemployment rates exceed year-ago measures in each of the Commonwealth's 67 counties (table). Thirty counties maintain employment levels below 1989:IQ readings. Ten counties have double-digit jobless rates. Combined, these counties account for just 3.4 percent of Pennsylvania employment. Likewise, ten counties also have unemployment rates which are 5 percent or lower. (Many will argue that this represents the mythical "full employment," although we have cautioned against this in previous issues of the *Survey*.) These counties account for a healthy 41.5 percent of Statewide employment. Clearly, while the economic slowdown is evident in these data, it is best not to generalize. Employment trends in several areas of Pennsylvania remain encouraging. (Beginning with this issue of the *Pennsylvania Business Survey*, county-level employment and unemployment data will be reported and analyzed once each quarter to coincide with the "Around the State" section.)

The recent slowdown in economic growth is especially evident in job and production trends in Pennsylvania's factories. At 1,031,900 in the first quarter, manufacturing job levels are off 19,000 from a year ago, the largest year-over-year drop since 1987's first quarter. In March, factory jobs come in 2,400 below the February total. Historically, these industries tend to add about 3,500 jobs during the month. This explains the seasonally adjusted job loss of nearly 6,000. After turning in a post-recession peak during early 1989, the Pennsylvania Manufacturing Activity Index has trended slightly down despite a minimal gain in March.

Construction activity remains sluggish. Contract valuations in March are down considerably from a year ago. While the number of permits authorized for nonresidential projects is essentially unchanged on a year-to-date basis compared to the first quarter of 1989, 7.7 percent fewer new housing units have been permitted. On the plus side, however, this drop is just about one-half the rate of decline recorded during 1989, suggesting that the worst may be behind us.

PA AND U.S. EMPLOYMENT GROWTH
(percent change from year ago)



SOURCE: U.S. DEPT. OF LABOR, PA DEPT. OF LABOR AND INDUSTRY, PSU.

PA AND U.S. UNEMPLOYMENT RATES
(percent of the labor force)

SOURCE: U.S. DEPT. OF LABOR; PA DEPT. OF LABOR AND INDUSTRY.

New Pennsylvania building permit authorizations (percent change from year ago)

	Mar.	Pct. chg.	Year-to-date	Pct. chg.
Residential	3,672	– 4.2	8,643	– 7.7
Nonresidential	1,824	14.4	3,290	– 0.2

Source: U.S. Dept. of Commerce, Bureau of the Census.

Typically, construction jobs begin to trend upward in March with the approach of the building season. This year, however, the uptick was not as pronounced as in years past. Nonetheless, job levels remain 5,000 higher than a year ago.

Building-related trends are mixed across counties. **Activity in the Pittsburgh region is up from a year ago while the downtrend in the Philadelphia region does not appear quite as pronounced as in prior months. Newly permitted activity in the Allentown-Bethlehem region continues to fall at a relatively strong rate on the residential side.**

Retail sales in Pennsylvania continue to grow, but at a less-than-robust pace. Through February, sales are up 4 percent compared to a year ago. While this represents some improvement over last year's average gain of 3 percent, it still falls short of the uptick in prices, suggesting a decline in the real volume of retail sales. The news in the automotive sector is a bit more encouraging so far this year compared to 1989. Although the 0.5 percent gain in auto-related sales leaves considerable room for improvement, it does represent a turnaround from 1989's 5.3 percent decline. Sales growth in the Philadelphia region remains quite strong relative to the Pittsburgh area.

Economic Activity in Pennsylvania	UNADJUSTED DATA			SEASONALLY ADJUSTED DATA			SEASONALLY ADJUSTED INDEXES (1977 = 100)		
	1990		1989	1990		1989	1990		1989
	Feb.	*Mar.*	*Mar.*	*Feb.*	*Mar.*	*Mar.*	*Feb.*	*Mar.*	*Mar.*
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salary jobs (thous.)[1]	5,082*	5,109	5,074	5,156*	5,148	5,116	112.9*	112.8	112.1
Service Producing									
No. of wage and salary jobs (thous.)	3,811	3,834	3,782	3,847	3,848	3,798	128.6	128.6	127.0
Transportation and public utilities	252*	253	254	255	254	255	97.3*	101.0	97.6
Wholesale trade	281	282	279	283	284	281	127.6*	127.9	126.5
Retail trade	879	885	883	903	900	899	125.9	125.5	125.3
Finance, insurance & real estate	295*	296	294	299	298	296	137.3*	137.1	136.2
Service & miscellaneous	1,387*	1,399	1,364	1,402*	1,406	1,372	162.6*	163.0	159.0
Federal government	142*	142	142	143	142	143	111.5*	110.8	111.3
State & local government	574*	577	564	566*	566	552	97.2*	97.1	94.8
Goods Producing									
No. of wage and salary jobs (thous.)	1,270*	1,273	1,291	1,309*	1,300	1,318	83.2	82.6	83.8
Construction	212	217	212	241	239	234	131.0*	129.7	127.0
Mining	27	27	27	28	28	28	57.9*	57.7	57.7
Manufacturing	1,031*	1,029	1,052	1,040*	1,034	1,057	77.5*	77.1	78.8
Durable goods	584*	583	604	591*	587	607	72.9*	72.5	75.0
Nondurable goods	447	446	448	450	448	450	84.5	84.1	84.5
Ave. wkly. hrs. worked by prod. workers	40.4*	40.6	40.8	40.6*	40.8	41.0	102.8*	103.2	103.7
Total wkly. person-hours worked (mils.)	28.8	28.8	29.7	29.1	29.0	29.9	75.8*	75.6	78.0
Total wkly. payroll (mil. dols.)	313.6*	315.3	315.0	316.9*	318.1	317.9	141.1	141.6	141.5
Average hourly earnings (dollars)	10.90	10.96	10.62	10.89	10.99	10.65	186.1*	187.9	182.0
Average weekly earnings (dollars)	440.36	444.98	433.30	442.57	447.22	435.30	191.3*	193.3	188.2
Steel production (thous. tons)	921	954	1,239	n.a.	n.a.	n.a.	45.2	40.4	52.2
Industrial electric power sales (mil. kwh)	3,651	3,797	3,890	3,706	3,779	3,867	100.4	102.3	104.7
Mining									
Anthracite coal (thous. net tons)	286	334	279	361	380	303	73.9	77.7	62.1
Bituminous coal (thous. net tons)	5,504	6,426	6,613	5,761	5,935	5,879	81.7	84.1	83.4
Construction contracts awarded (mil. dols.)									
Total	457.1	796.6	994.4*	669.6	675.0	819.0*	208.1	209.8	254.6*
Residential building	188.9	337.9	403.9*	312.0	297.5	350.0*	221.7	211.4	248.7*
Nonresidential building	182.7	299.8	360.3*	263.4	258.3	294.1*	242.8	238.1	271.1*
Nonbuilding (utilities and public works)	85.5	158.8	232.5*	94.2	119.2	174.9*	130.0	164.5	241.3*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,510	5,599	5,617	5,613	5,695	5,714	116.8	118.5	118.9
Unemployed									
No. of persons (thous.)	373	316	246	335	307	235	83.5	76.6	58.7
Rate (percentage of labor force)	6.3	5.3	4.2						
Rate, seasonally adjusted				5.7	5.2	4.0			
Civilian labor force, no. of persons (thous.)	5,883	5,915	5,862	5,947	6,002	5,950	114.2	115.3	114.3
Initial claims for unemployment benefits	90,546	88,117	79,091	96,380	103,381	89,339	67.3	72.2	62.4

Consumer Prices, all items	Urban Indexes (1982-84 = 100)			Percentage Change	
	1990		1989	*Month Ago*	*Year Ago*
	Feb.	*Mar.*	*Mar.*		
U.S. city average	128.0	128.7	122.3	0.5	5.2
Philadelphia	132.2	133.6	126.0	1.1	6.0
Pittsburgh	123.4	n.a.	117.9§	n.a.	4.7

[1] Total includes workers on strike. * = figure revised § = figure for February 1989 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

1990:IQ county employment
(pct. and pct. pt. changes are from year-ago quarter)

	Empl. (thous.)	Ann. pct. chg.	Umemp. Rate (pct.)	Ann. pct. pt. chg.*
Adams	38.0	-0.4	5.0	1.0
Allegheny	626.5	0.7	4.8	0.5
Armstrong	26.8	-0.1	9.4	1.2
Beaver	54.0	-1.3	9.2	1.1
Bedford	19.4	0.1	9.9	1.8
Berks	169.2	0.1	5.4	1.3
Blair	55.6	0.1	7.9	1.0
Bradford	29.2	0.6	6.6	1.9
Bucks	285.7	-1.6	4.5	1.3
Butler	70.6	1.9	6.2	0.9
Cambria	58.5	-0.3	8.5	1.9
Cameron	2.5	-3.8	10.0	3.9
Carbon	23.4	-1.0	9.3	3.2
Centre	63.1	1.6	5.7	1.0
Chester	192.9	-1.6	3.2	0.8
Clarion	16.0	-4.3	11.0	3.1
Clearfield	31.7	-1.2	11.6	2.6
Clinton	14.2	-0.9	10.7	2.7
Columbia	29.6	-0.1	8.6	2.0
Crawford	35.9	-0.8	8.5	2.0
Cumberland	106.4	0.6	3.6	0.8
Dauphin	129.7	0.6	4.8	1.0
Delaware	278.7	-1.6	3.9	0.7
Elk	16.0	-2.5	7.0	2.1
Erie	125.2	0.0	6.6	1.3
Fayette	54.1	0.7	10.0	1.2
Forest	1.7	-0.1	11.7	0.7
Franklin	56.5	2.5	4.9	1.2
Fulton	5.8	1.7	8.8	0.4
Greene	11.7	-2.9	10.3	1.3
Huntingdon	17.1	-0.7	12.0	2.1
Indiana	31.7	-0.7	10.2	0.5
Jefferson	18.5	-1.3	9.3	1.6
Juniata	9.3	1.8	13.0	3.6
Lackawanna	102.7	0.0	7.2	2.0
Lancaster	213.0	-0.1	4.3	1.1
Lawrence	45.4	0.8	6.7	1.0
Lebanon	61.6	0.6	5.3	0.9
Lehigh	140.7	-1.0	5.6	1.5
Luzerne	149.3	0.0	7.8	1.7
Lycoming	56.7	1.0	7.9	1.5
McKean	19.4	2.6	8.3	1.8
Mercer	48.3	0.2	5.8	1.3
Mifflin	20.2	1.3	9.5	3.5
Monroe	46.4	0.0	7.0	2.6
Montgomery	373.0	-1.6	3.9	1.2
Montour	7.8	1.0	5.7	1.5
Northampton	110.3	-1.0	6.0	1.9
Northumberland	45.3	0.5	9.3	2.8
Perry	19.9	0.3	6.7	1.9
Philadelphia	685.3	-1.6	5.8	0.8
Pike	11.6	2.8	6.9	2.2
Potter	7.3	2.1	8.7	1.7
Schuylkill	68.2	0.0	8.3	2.0
Snyder	18.1	0.8	8.0	2.3
Somerset	29.7	-0.4	9.6	0.9
Sullivan	2.8	1.6	7.1	1.8
Susquehanna	17.1	1.1	9.1	2.4
Tioga	17.6	2.4	8.5	2.4
Union	16.2	0.2	5.4	1.1
Venango	23.1	-1.4	7.0	0.9
Warren	21.0	-0.1	6.3	1.8
Washington	87.6	0.7	6.4	0.5
Wayne	17.9	2.8	9.1	2.2
Westmoreland	164.5	0.7	7.1	0.6
Wyoming	12.5	-0.1	8.4	2.1
York	175.0	-0.5	5.2	1.2

Source: PA Dept. of Labor and Industry;
PSU, Ctr. for Reg. Bus. Analysis.
*Current rate minus year-ago rate.

New PA metropolitan county bldg. permit authorizations
(percent change from year ago; only those counties shown are asked to report all permitted activity)

	1990: IQ	Pct. chg.
Residential units		
Allentown-Beth. MSA	430	-15.9
Carbon	28	-44.0
Lehigh	192	-28.9
Northampton	210	9.9
Beaver County MSA	114	90.0
Philadelphia MSA	2,157	- 6.6
Bucks	530	-19.7
Chester	460	-26.8
Delaware	273	11.4
Montgomery	849	29.0
Philadelphia	45	-62.2
Pittsburgh MSA	914	15.5
Allegheny	522	5.0
Fayette	46	35.3
Washington	137	50.5
Westmoreland	209	23.7
Adams County	167	16.0
Nonres. buildings		
Allentown-Beth. MSA	315	- 1.6
Carbon	38	123.5
Lehigh	146	-18.4
Northampton	131	5.6
Beaver County MSA	41	24.2
Philadelphia MSA	808	- 2.3
Bucks	271	22.6
Chester	193	-11.9
Delaware	82	-21.9
Montgomery	228	-10.6
Philadelphia	34	25.9
Pittsburgh MSA	385	25.0
Allegheny	173	15.3
Fayette	39	-15.2
Washington	80	81.8
Westmoreland	93	36.8
Adams County	47	- 6.0

Source: U.S. Dept. of Commerce, Bureau of the Census.

While not necessarily positive, **trends in new vehicle registrations in Pennsylvania so far in 1990 suggest that the worst may be behind us.** The year-to-date decline through February is the smallest in over a year.

Pennsylvania retail sales
(millions of dollars; pct. chg. from year ago)

	February	Pct. chg.	Year-to-date	Pct. chg.
Total	5,967	4.2	11,984	4.0
Durables	2,124	3.7	4,198	3.8
Bldg. mat.	191	- 5.0	402	- 0.2
Auto dlrs.	1,156	- 5.4	2,386	0.5
Furniture	307	13.3	626	13.4
Other	470	32.4	784	9.8
Nondurables	3,843	4.5	7,786	4.1
Gen. mdse.	512	6.2	987	3.6
Food/grocery	1,296	3.2	2,634	3.1
Gas	363	7.4	747	7.8
Apparel	262	9.6	546	6.4
Eat/drink	717	9.8	1,424	4.9
Drugs	248	2.5	511	4.5
Other	445	- 4.5	937	2.1
Seas. adj. total: February		6,846		
January		6,913		

Source: Tot./Dur./Nondur.-U.S. Dept. of Commerce, Bur. of the Census.
Seas. adj. total-PSU, Ctr. for Reg. Bus. Analysis.
Data in the sub-categories of the durable and nondurable groups are subject to relatively large sampling variability. As a result, only pct. changes are shown.

Philadelphia and Pittsburgh retail sales
(millions of dollars; pct. chg. from year ago; data through Feb.)

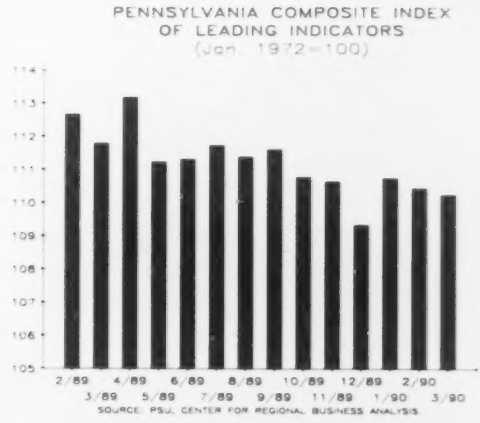
	Philadelphia		Pittsburgh	
	Year-to-date	Pct. chg.	Year-to-date	Pct. chg.
Total	5,298	9.0	1,981	– 6.4
Durables	1,925	8.8	634	– 12.4
Bldg. mat.	177	– 5.9	65	– 1.5
Auto dlrs.	1,058	10.0	302	– 30.3
Furniture	284	9.2	73	– 21.5
Other	406	12.8	194	47.0
Nondurables	3,373	9.1	1,347	– 3.2
Gen. mdse.	403	2.3	207	0.5
Food/grocery	1,175	7.0	370	5.4
Gas	258	2.4	158	7.5
Apparel	291	11.5	109	2.8
Eat/drink	569	19.5	270	– 12.9
Drugs	239	14.9	142	– 3.4
Other	438	9.0	91	– 27.2

Source: U.S. Dept. of Commerce, Bur. of the Census.
Data in the sub-categories of the durable and nondurable groups are subject to relatively large sampling variability. As a result, only pct. changes are shown.

New Pennsylvania motor vehicle registrations
(percent change from year ago)

	Total registrations	Pct. change
February	49,626	0.2
1990 YTD	100,379	– 2.1
12-month total	663,279	– 8.4

Source: R.L. Polk & Co.



There is little likelihood that trends will change appreciably in the months ahead. Periodically, there are some signs of improvement in the U.S. economy, most notably, in the factory sector. However, a string of good news is needed to provide a convincing argument that recovery is imminent. Such a development is unlikely. Indeed, **the Pennsylvania index of leading economic indicators has yet to detect any signs of improvement in the near-term** (chart).

—William D. Anderson

Around the State

Northeastern Quarter

Allentown-Bethlehem

Overall employment and unemployment trends during this year's first quarter point to a continuation of the sluggish growth in the Allentown-Bethlehem metro area economy which first became evident in last year's second half. Employment in each of the three Pennsylvania counties in the region is off by 1 percent from year-ago readings. Similarly, the metro area's jobless rate, at 6 percent during the first three months of the year, is up 1.7 percentage points from the same period in 1989. On a seasonally adjusted basis, the unemployment rate has advanced in each of the past four quarters. Still, employment stands at its second highest level on record after normal seasonal ups and downs are discounted.

Construction activity continues to ease from its record-setting pace of a few years ago. New residential housing units authorized by permit plunged 16 percent in 1990:IQ from a year ago. The decline is concentrated in Carbon and Lehigh Counties. On the nonresidential side, 1.6 percent fewer projects have been authorized. Construction contract valuations are down by one-fourth on a year-to-date basis for the residential side but are up by two-thirds for nonresidential building activity.

Declines in the factory and construction industries pushed goods producing job totals down by 1,700 from a year ago. On a seasonally adjusted basis, jobs in this sector have declined in four consecutive quarters to their lowest reading on record. Within construction, job levels are down by 500 over the year. The region's manufacturers maintained 1,100 fewer jobs during the first three months of the year compared to 1989:IQ with much of the shortfall coming in the durable goods industries.

The job situation in the service producing industries continues to improve. Here, job levels stand at a seasonally adjusted record high. Of the 3,400 new jobs generated in these industries between the first quarters of 1989 and 1990, nearly two-thirds are accounted for by services. Retail trade jobs are up by 500 over the same period. While the sector as a whole continues to add jobs to payroll, should the first quarter's performance carry on through the balance of the year, it will be the weakest gain since 1983.

Statewide, the bulk of all new jobs created in recent years has come in three industries: retail trade; finance, insurance, and real estate; and services. Of the three Pennsylvania counties in the metro area, only Lehigh has a larger share of total nonfarm jobs accounted for by these industries than does the State. Should similar trends continue, with these three industries accounting for the bulk of all new jobs, Lehigh County may show relatively strong growth in the years ahead.

Scranton-Wilkes-Barre

The economy of the Scranton-Wilkes-Barre metropolitan area continues to move forward. However, as is the case in the Commonwealth as a whole, several bits of evidence suggest that growth has eased over the course of the past several months. This trend is expected to continue. Much of the slug-

Allentown-Bethlehem Area[1]

	Ave. mo. value 1 Q.'90	Average monthly index seas. adj. (1977 = 100) 1 Q.'90	4 Q.'89	1 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	311.9	115	114	116
Unemployed, no. of residents	19.8	90	84	62
Rate, seasonally adjusted	5.6			
Civilian labor force, no. of residents	331.6	114	112	113
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	280.5	110	110	110
Srv. Prod. only, no. of jobs	192.6	140	139	137
Goods Prod. only, no. of jobs	87.8	76	76	78
Hrs. worked by production workers in mfg., ave. weekly	39.7	105	104	105
Industrial electric power sales				
Metropolitan area	***	103	107	114
Allentown	***	96	93	98
Bethlehem	***	107	117	126
Easton	***	110	114	118
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	49.2	-26		
Nonresidential contracts only	45.5	+65		

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

gishness will likely show up in the goods producing industries. Growth in the service producing sector, on the other hand, should help the economy skirt a recession.

For the nonfarm sector as a whole, job levels continue to advance. In fact, the number of nonagricultural positions has increased in 13 consecutive quarters after seasonal adjustment to stand at a record high. In this year's first quarter, job levels are up 1.7 percent from 1989:IQ. Over the 1982-1989 period, growth averaged 2.2 percent per year. So far this year, nonfarm job growth in the region is double that in the State as a whole. Over the 1982-1989 period, average annual job growth came in 0.6 percentage point lower in the Commonwealth than in the metro area. Clearly, the region is holding its own relative to the State.

The performances of the goods and service producing sectors in recent months differ considerably. Between the first quarters of 1989 and 1990, service producing establishments added 5,400 jobs to payroll. Leading the way is services and retail trade with 2,000 and 1,400 jobs, respectively. Since the economy bottomed out in 1982, nearly 50,000 new service producing jobs have been created in the five-county region.

In the goods producing sector, there are 600 fewer positions than during the first three months of 1990. Between 1982 and 1989, 1,800 jobs were lost in these industries. Over the same period, 4,400 jobs were lost in the manufacturing sector, alone. On the plus side, despite the downtrend in jobs, trends Statewide suggest that manufacturing output has increased considerably over the course of the economic recovery. Hence, relying solely on jobs as a measure of the factory sector's health may lead to overly-pessimistic conclusions. Construction jobs are up slightly on a year-to-date basis. The value of nonresidential building contracts is more than double year-ago readings while on the residential side, contract values are off by one-fifth.

As the economy has slowed, there has been some upward pressure on joblessness. In fact, county-level unemployment rates in the first quarter are up from first quarter 1989 readings anywhere from 1.7 percentage points in Luzerne County to 2.6 points in Monroe. Similarly, employment levels are down over the same period in two of the counties and unchanged in three. Despite the slowdown in growth, employment remains just below the all-time high, implying that the dropoff has not been especially severe. Furthermore, seasonally adjusted employment readings have increased in each of the past two quarters on the heels of two consecutive quarterly declines.

Williamsport

In the February issue of the *Survey*, a slowdown in the rate of economic growth in Lycoming County was noted. Based upon first quarter employment and unemployment trends, that slowdown appears to have carried over into 1990. The annual rate of employment growth in the first three months of this year is only about one-third the rate of growth averaged over the 1983-1989 period. After falling in five consecutive years, joblessness started to trend upward in 1989. In the first quarter, 1,100 more residents are counted as unemployed than a year ago.

After holding up quite well during much of the mid 1980s, goods producing job levels have trended down over the course of the past several quarters. Durable goods manufacturing accounts for the bulk of the more recent job losses as these industries cut 500 jobs from payroll between the first quarters of 1989 and 1990. The value of construction contract awards is down considerably in the first quarter. On the service producing side, job levels continue to advance. In fact, each quarter continues to bring another record job total as these industries remain a bright spot in the economy.

It is best to put the apparent slowdown in the rate of economic growth in Lycoming County in perspective. The

Scranton-Wilkes-Barre Area[1]

	Ave. mo. value 1 Q.'90	Average monthly index seas. adj. (1977 = 100) 1 Q.'90	4 Q.'89	1 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	340.6	122	121	122
Unemployed, no. of residents	28.1	82	72	58
Rate, seasonally adjusted	7.0			
Civilian labor force, no. of residents	368.7	118	116	116
Local industries, Metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	304.6	119	118	117
Srv. Prod. only, no. of jobs	221.0	137	136	134
Goods Prod. only, no. of jobs	83.3	88	87	88
Hrs. worked by production workers in mfg., ave. weekly	38.7	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area[4]	***	119	118	113
Lackawanna County[2]	***	133	132	122
Luzerne County[3]	***	108	106	103
Hazleton	***	96	97	92
Wilkes-Barre	***	118	115	109
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	57.5	- 20		
Nonresidential contracts only	48.7	+116		

[1]Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton
[4]Excludes Wyoming County

region stood out during much of the 1980s. It turned in one of the strongest performances outside of southeastern Pennsylvania. One can argue that the region's economy was operating at or near record levels of activity in the late 1980s. Surely, it was the strongest performance since before the recessions several years earlier. Hence, the strong performance prior to the current slowdown provides the region with a bit of a cushion. It is quite doubtful that the current pace of sluggish economic growth will do considerable harm to the economy as a whole. For instance, while employment growth has slowed considerably, this measure of the economy's health still remains at a record high.

Southwestern Quarter

Altoona

The number of nonfarm jobs in Blair County settled in at an all-time high during this year's first quarter after adjustment for the normal seasonal ups and downs, surpassing the previous record set in 1978. While this is certainly encouraging news, it should be noted that much of the rest of Pennsylvania exceeded pre-recessionary job readings long ago, especially in the eastern half of the Commonwealth. Not surprisingly, the service producing industries continue to provide practically all new jobs in the Altoona metro area. Between the first quarters of 1989 and 1990, jobs in these industries are up by 1,100. Furthermore, while other measures of the economy's health point to some slowing in the pace of overall economic growth, job gains in the service producing sector show few signs of easing appreciably.

The news is not nearly as positive in the goods producing industries where job levels are down by 100 from a year ago. On a more positive note, there is a slight seasonally adjusted gain in job levels between the final quarter of last year and the first three months of 1990. Trends over the past several years have not been especially encouraging. Between 1979 and 1989, the share of all nonfarm jobs accounted for by these industries has declined from approximately 30 percent to 25 percent. As a result, job levels remain just above record low readings.

Trends in resident employment and unemployment point to some easing in the economy's rate of growth. After declining in six straight years, some upward pressure on unemployment is apparent in recent months. At 7.9 percent in the first quarter, Blair County's jobless rate is up a full percentage point from a year ago. Also, employment growth in recent quarters has been the weakest since the onset of recovery in the early 1980s. Specifically, while employment growth averaged 2.5 percent each year over the 1983-1989 period, the first quarter of 1990 finds this measure of the economy's health barely up by 0.1 percent from a year ago. Still, employment remains at or near record high readings.

Johnstown

Statewide trends show that goods producing jobs remain on a downtrend. However, recent trends in the Cambria/Somerset County region suggest that, at worst, job levels in these all-important industries are holding steady or, at best, drifting slightly upward. Job totals appear to be rising slightly in the manufacturing and construction industries while mining jobs remain on a downtrend. However, in the primary and fabricated metals industry, the region's largest manufacturing employer, the number of positions declined a bit during the year ending with the first quarter of 1989. The value of residential building contracts awarded is down by more than one-fourth on a year-to-date basis. On the nonresidential side, contract values are nearly double year-ago readings.

Service producing jobs, however, have remained on an uptrend almost nonstop since the onset of recovery around 1983. Between the first quarters of 1989 and 1990, these jobs are up another 1.2 percent in settling in at another record high. On the downside, this rate of expansion is only about one-half the annual gain averaged over the 1983-1989 period. Three industries — services, retail trade, and finance — have provided a good portion of the State's (and region's) new jobs in recent years. Cambria County is one of the few counties in western Pennsylvania to have a relatively large share of employment in these industries. This may prove beneficial in the future.

Williamsport Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'90	*1 Q.'90*	*4 Q.'89*	*1 Q.'89*
Employment *(in thousands)*				
Employed, no. of residents	56.7	124	121	122
Unemployed, no. of residents	4.9	92	86	70
Rate, seasonally adjusted	6.9			
Civilian labor force, no. of residents	61.6	121	118	118
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	51.7	115	113	113
Srv. Prod. only, no. of jobs	33.5	126	125	123
Goods Prod. only, no. of jobs	18.2	99	96	99
Hrs. worked by production workers in mfg., ave. weekly	39.9	103	104	103
Industrial electric power sales	***	119	115	94
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	3.7	-46		
Nonresidential contracts only	0.3	-95		

[1]Lycoming County

Altoona Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'90	*1 Q.'90*	*4 Q.'89*	*1 Q.'89*
Employment *(in thousands)*				
Employed, no. of residents	55.6	109	107	109
Unemployed, no. of residents	4.8	111	110	92
Rate, seasonally adjusted	6.9			
Civilian labor force, no. of residents	60.4	109	107	108
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	51.8	104	102	102
Srv. Prod. only, no. of jobs	39.4	112	110	109
Goods Prod. only, no. of jobs	12.4	84	82	85
Hrs. worked by production workers in mfg., ave. weekly	39.0	103	105	106
Industrial electric power sales	***	78	76	76
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	3.4	+36		
Nonresidential contracts only	7.1	-40		

[1]Blair County

Employment and unemployment trends have been unimpressive so far this year. Specifically, the number of residents officially listed as employed is down in the first quarter from a year ago in both Cambria and Somerset Counties and the jobless rate is up by 1.9 and 0.9 percentage points, respectively. These general labor market trends are expected to continue for the next several months, bringing several years of improvement to a gradual end.

Despite mounting evidence of an economic slowdown, it is best not to ignore some significant improvement in the region during much of the latter half of the 1980s. At the same time, considerable room remains for further strengthening. Only the most optimistic observer will argue that the region is problem-free. Unfortunately, there is not any short-term solution to the region's problems, problems which are probably related, in one way or another, to the massive structural changes which the economy has gone through in recent years.

Pittsburgh-Beaver Valley

Economic activity in the five-county Pittsburgh-Beaver Valley metropolitan area continues to expand at a positive rate. However, the region's recent performance is perhaps best characterized as "unbalanced." Recent trends differ considerably across both counties and industries. While the positive news slightly outweighs the negative, it can be concluded that considerable slack remains in the metro area's economy.

Perhaps the best news is found in the construction sector. Each of the five counties in the region authorized (by permit) more new houses in this year's first quarter than a year ago. Only Allegheny County failed to turn in a double-digit gain. In the Pittsburgh portion of the region, permits are up 15.5 percent. In Beaver County, nearly twice as many new houses have been authorized by permit. The news is equally impressive on the nonresidential side. Trends in the value of building contracts awarded also point to some growth in activity.

Goods producing industries continue to contribute little to overall job growth in the region. At the same time, they do not appear to be subtracting away from overall growth, at least to the same degree as they were throughout much of the mid 1980s. In fact, in the four-county Pittsburgh region and in Beaver County, goods producing job levels are essentially unchanged from a year ago. Over that period, manufacturing jobs are down by 500 in Pittsburgh and by 200 in Beaver County. Construction jobs are up by approximately 100 in Beaver County and are unchanged in the Pittsburgh region. Sales of electricity to industry, a proxy for production trends, remain quite low.

Service producing job totals continue to grow and they stand at record highs throughout the region. However, relative to the State as a whole, growth has been sub-par in recent years. The retail industry has apparently started out poorly in 1990. While job levels continue to advance, the level of sales is down 6.4 percent on a year-to-date basis through February. Auto-related sales are off by nearly one-third from an already-weak first two months of 1989. Statewide, slightly more than one-half of all jobs are accounted for by the services, retail trade, and finance industries. These industries account for the bulk of all new jobs generated in recent years. Within the region, only Allegheny County maintains a higher percentage of jobs in these industries, 61 percent. Assuming these industries continue to generate most new jobs, Allegheny County may turn in a relatively strong performance in the years ahead.

Not surprisingly, employment and unemployment trends of late have not been especially impressive. During the first quarter, the unemployment rate averaged 5.8 percent in Pennsylvania. Within the broadly-defined metropolitan region, only Allegheny County, with a 4.8 percent rate, bettered that performance. Elsewhere, rates ranged from 6.4 percent in Washington County to 10 percent in Fayette County. On the employment front, employment continues to fall in Beaver County. While the number of residents officially counted as employed in the Pittsburgh metro area stands at a record high, growth is down considerably from recent years.

In that much of the goods producing sector is expected to remain in a mini-slump, it is doubtful that the economy as a whole will move ahead at a much faster pace over the short-run. Despite the apparent decline in the "importance" of these industries in recent years, they still remain a vital part of the region's economy. However, despite the expected sluggishness in these industries, strength on the service producing side should allow the economy to move foward, albeit at a minimal clip.

Johnstown Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'90	*1 Q.'90*	*4 Q.'89*	*1 Q.'89*
Employment *(in thousands)*				
Employed, no. of residents	88.2	93	92	94
Unemployed, no. of residents	8.6	70	72	54
Rate, seasonally adjusted	7.8			
Civilian labor force, no. of residents	96.8	91	90	90
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	80.2	93	92	92
Srv. Prod. only, no. of jobs	60.6	112	111	111
Goods Prod. only, no. of jobs	19.6	61	60	60
Hrs. worked by production workers in mfg., ave. weekly	38.0	98	98	102
Industrial electric power sales	***	150	148	174
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	5.2	−28		
Nonresidential contracts only	15.8	+82		

[1]Cambria and Somerset Counties

State College

The slowdown in employment growth and the associated upward pressure on joblessness which was first noticed in last year's second half appears to have continued into the first three months of 1990 in Centre County. At 5.7 percent, first quarter's unemployment rate comes in a full percentage point higher than a year ago. This comes on the heels of six consecutive years in which the jobless rate declined in the region. Although it stands at a record high, employment in Centre County during the first quarter is up just 1.6 percent from a year ago. Over the 1982-1989 period, growth averaged more than 4 percent each year. Hence, it can be concluded that, while overall economic growth remains positive, it is not nearly as robust as in years past. Still, in relative terms,

Pittsburgh[1]-Beaver Valley[2] Area

	Ave. mo. value 1 Q.'90	Average monthly index seas. adj. (1977 = 100) 1 Q.'90	4 Q.'89	1 Q.'89
Employment *(in thousands)*				
Employed, no. of residents				
Pittsburgh[1]	932.7	109	108	109
Beaver County	54.0	65	64	66
Unemployed, no. of residents				
Pittsburgh[1]	55.9	77	76	68
Beaver County	5.4	77	67	68
Unemployment Rate, seas. adj.				
Pittsburgh[1]	5.0			
Beaver County	8.4			
Civilian labor force, no. of residents				
Pittsburgh[1]	988.6	107	105	106
Beaver County	59.5	66	64	66
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs				
Pittsburgh[1]	853.9	105	104	103
Beaver County	48.9	66	65	65
Srv. Prod. only, no. of jobs				
Pittsburgh[1]	732.8	124	123	121
Beaver County	37.7	112	112	110
Goods Prod. only, no. of jobs				
Pittsburgh[1]	163.5	63	62	63
Beaver County	11.2	28	28	28
Hrs. worked by production workers in mfg., ave. weekly				
Pittsburgh[1]	41.8	n.a.	n.a.	n.a.
Beaver County	43.2	n.a.	n.a.	n.a.
Industrial electric power sales	***	64	62	64
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only				
Pittsburgh[1]	104.3		+ 8	
Beaver County	6.0		+ 7	
Nonresidential contracts only				
Pittsburgh[1]	191.1		+135	
Beaver County	0.5		- 81	

[1]Allegheny, Fayette, Washington and Westmoreland Counties
[2]Beaver County

State College Area[1]

	Ave. mo. value 1 Q.'90	Average monthly index seas. adj. (1977 = 100) 1 Q.'90	4 Q.'89	1 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	63.1	152	150	150
Unemployed, no. of residents	3.8	135	132	106
Rate, seasonally adjusted	5.4			
Civilian labor force, no. of residents	66.9	151	148	147
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	59.6	140	139	136
Srv. Prod. only, no. of jobs	48.4	140	140	136
Goods Prod. only, no. of jobs	11.2	138	137	134
Hrs. worked by production workers in mfg., ave. weekly	39.9	n.a.	n.a.	n.a.
Industrial electric power sales	***	141	140	131
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	8.7		-51	
Nonresidential contracts only	1.7		-91	

[1]Centre County

the region continues to fare quite well compared to the rest of the State.

In absolute terms, most new jobs continue to be generated in the service producing sector. Of the 1,900 new nonfarm jobs created between the first quarters of 1989 and 1990, 1,500 are attributable to these industries. Jobs in these industries are up 3.2 percent over the period. Statewide, the advance is only 1.5 percent. All told, the 48,400 jobs in these establishments translate into a new record after seasonal adjustment.

At the same time, goods producing jobs continue to track upward, a trend which is especially impressive in light of the downtrend evident Statewide. During the year ending with the first quarter of 1990, job levels in these industries increased by 400 or 3.7 percent. All of the gain is accounted for by the construction industry with 500 additional jobs. Despite this impressive showing, the value of building contracts awarded is down considerably on both the residential and nonresidential sides.

Northwestern Quarter

Erie

Though there remains some room for improvement, this year's first quarter brings a continuation of relatively good news on the economic front in Erie County. While some slowing in the rate of growth is evident, there are few signs that the economic expansion is nearing an end. While not all sectors of the economy are operating on all cylinders, those that are will ensure that overall growth will remain positive.

After normal seasonal ups and downs are taken into account, nonfarm job totals, at 117,300 in the first quarter, settled at a record high. The 1.7 percent gain from first quarter 1989 is off a bit from the 2 percent gain averaged between 1983 and 1989. Trends in the service producing industries look especially impressive. All told, jobs are up by 1,300 from a year ago, a gain which is almost entirely accounted for by the services industries. Retail trade, which has generated considerable numbers of new jobs in recent years, is home to 20,000 jobs in the first quarter, unchanged from a year ago. This falls in line with trends Statewide which point to some softening in the retail industry.

While not quite as positive as in the service producing sector, trends on the goods producing side remain fairly encouraging. The 39,700 jobs in these industries during the first quarter represent the highest total for the period since 1982. Compared to a year ago, job levels are up by 800. Both the construction and manufacturing industries contributed to the job gain. Trends are relatively encouraging in the durable goods categories. Industrial power sales are holding fairly steady, suggesting the same for production. Also, the average hourly workweek is on a slight uptrend which may help prop up factory job levels in the months ahead.

A slowdown in the pace of overall economic growth is especially evident in recent trends concerning employment and unemployment. Employment in the first quarter is unchanged from a year ago. Coupled with a rise in the labor force of 1,800, this results in a jobless rate of 6.6 percent, up 1.3 percentage points from a year ago. Prior to the recent slowdown, these measures of the economy's health had been improving for several years running. Given the expectations for further moderation in the economy's growth, upward pressure on joblessness is likely to continue while employment, at best, will ease forward.

Sharon

General economic conditions in Mercer County in the first quarter of 1990 do not appear to be nearly as encouraging as in previous years. All things considered, however, the slowdown comes just as the economy appears to have reached a post-recessionary peak in terms of overall activity. It is doubtful that the current sluggishness will drag the economy down considerably. At an unadjusted 5.8 percent, the region's jobless rate is up 1.3 percentage points from a year ago. This is nearly identical to Statewide trends. Employment is barely (0.2 percent) up from a year ago and still trails prerecessionary readings. Over the 1983-1989 period, employment growth averaged 1.8 percent per year.

Service producing jobs continue to rise, but at a rather subdued rate. First quarter finds 400 additional jobs in these establishments compared to a year ago for a gain of 1.3 percent, down a bit from the advances recorded in previous years. First quarter's gain also comes up a bit short compared to trends throughout the Commonwealth. Service producing job growth appears fairly sluggish across the board. Between the first quarters of 1989 and 1990, service and finance-related jobs are unchanged and retail trade jobs are up by a minimal 100.

Mercer County's overall economic performance was quite strong in 1988 and 1989 because of an impressive showing on the part of the region's goods producing industries. Based upon first quarter trends, while these industries are holding their own, there is little evidence of upward momentum. Job levels have apparently peaked and are unchanged from a year ago. Electricity sales to industry have trended down during the last several quarters. Construction signs are mixed. The value of residential contracts awarded is down on a year-to-date basis, but up considerably for nonresidential projects.

Southeastern Quarter

Harrisburg-Lebanon-Carlisle

Economic growth in the four-county Harrisburg-Lebanon-Carlisle metropolitan area remains positive based upon trends through this year's first quarter. At the same time, there is still evidence that the rate of expansion has eased considerably during the past several quarters. While the current sluggishness does not appear to be ushering in a recession, the economy is expected to remain soft through the next several months. The recent downtrend is certainly not indicative of any structural problems within the region's economy, but rather, it is the result of softness nationwide "filtering" into the metro area.

Between 1982 and 1989, nonfarm job growth averaged 2.7 percent each year. During the year ending with the first quarter, job growth eased to 2 percent. Still, this is strong enough to bring about another record job total after normal seasonal trends are taken into account. Statewide, establishment-related jobs are up just 0.9 percent in the first quarter from a year ago. Over the previous seven-year period, job growth averaged just 1.6 percent.

Few new jobs are being generated in the goods producing sector. In fact, at 64,400 in the first quarter, they are down by 300 from a year ago. However, construction is more than holding up its end. Building-related jobs are up by 900 between the first quarters of 1989 and 1990. On the other hand, the value of residential building contracts awarded so far this year is down more than one-third from a year ago whereas nonresidential values are up minimally. Manufacturing job totals are down by 1,200 on an annual basis with machinery and electronic equipment accounting for a good portion of the decline.

Not surprisingly, practically all of the region's new jobs are being generated in service producing industries. The 246,800 positions in these establishments translate into another record. Jobs are up 2.8 percent from a year ago. While still a healthy advance, this is down from the 3.2 percent gain averaged between 1982 and 1989. Between 1982 and 1989, the services, retail trade, and finance industries accounted for 72 percent of all new jobs in the region. From 1989:IQ to 1990:IQ, that share is even higher, at 81 percent. These industries are expected to continue to provide most new jobs in the metropolitan area.

At 4.6 percent, the region's jobless rate in the first quarter

Erie Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'90	*1 Q.'90*	*4 Q.'89*	*1 Q.'89*
Employment *(in thousands)*				
Employed, no. of residents	125.2	114	112	114
Unemployed, no. of residents	8.8	86	85	67
Rate, seasonally adjusted	5.9			
Civilian labor force, no. of residents	134.0	112	110	111
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	117.3	108	106	106
Srv. Prod. only, no. of jobs	77.6	122	122	120
Goods Prod. only, no. of jobs	39.7	88	85	86
Hrs. worked by production workers in mfg., ave. weekly	43.8	107	106	103
Industrial electric power sales	***	111	112	113
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	8.8	−50		
Nonresidential contracts only	11.5	+69		

[1]Erie County

Sharon Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'90	*1 Q.'90*	*4 Q.'89*	*1 Q.'89*
Employment *(in thousands)*				
Employed, no. of residents	48.3	102	101	102
Unemployed, no. of residents	3.0	64	63	47
Rate, seasonally adjusted	5.2			
Civilian labor force, no. of residents	51.3	99	98	98
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	42.9	96	96	96
Srv. Prod. only, no. of jobs	30.3	112	111	110
Goods Prod. only, no. of jobs	12.6	72	72	72
Hrs. worked by production workers in mfg., ave. weekly	42.1	n.a.	n.a.	n.a.
Industrial electric power sales	***	107	105	121
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	2.9	− 37		
Nonresidential contracts only	7.3	+135		

[1]Mercer County

is up 0.9 percentage point from a year ago. Within the metro area, Perry County turned in the largest increase, 1.9 percentage points. Still, Lancaster County is the only other metro area in the State with a lower jobless rate. There is a definite slowing in the rate of employment growth. While the number of residents officially listed as employed is up 0.6 percent to stand at another record high in the first quarter, growth in 1989 came in at 3.6 percent.

Lancaster

Even Lancaster County, with perhaps the strongest economy in the State throughout the 1980s, is not immune to the slowdown in the pace of overall economic growth. For instance, the region's first quarter jobless rate, at 4.3 percent, is up more than a percentage point from a year ago. Employment is actually down a bit from the first three months of 1989. Still, the unemployment rate remains one of the lowest in the State and employment stands just below the record high. Clearly, the situation could be considerably worse some seven years into the current economic expansion.

The 116,800 service producing jobs in the County during the first quarter translate into a gain of 2,800 over the year. The services industries contributed 1,600 of those new jobs with retail trade kicking in 1,200. Seasonally adjusted job levels in the sector have now increased nonstop for 20 quarters in reaching another new high. The region's relatively strong performance is evident in recent historical trends. Between 1983 and 1989, service producing jobs rose by an average of 4.2 percent each year in Lancaster County. For Pennsylvania as a whole, the average growth rate was 2.8 percent.

The news is not nearly as positive on the goods producing side. Over the course of the year ending with the first quarter of 1990, 500 jobs have been lost in these establishments in the metro area. Whereas job totals in these industries have been on the downtrend for the past several years throughout much of Pennsylvania, only recently has the downtrend been evident in Lancaster County. Specifically, job levels rose each year over the 1984-1988 period and held steady in 1989. Much of the sluggishness appears to fall in the manufacturing industries. Recent trends suggest that industrial power sales, an indicator of production activity, have peaked. Also, the average factory workweek is down a bit from a year ago.

Construction trends are somewhat encouraging. The value of nonresidential contracts skyrocketed during this year's first quarter compared to a year ago. On the residential side, contract values are down nearly one-third. Building-related jobs are up by 300 compared to a year ago.

Harrisburg-Lebanon-Carlisle Area[1]

	Ave. mo. value 1 Q.'90	Average monthly index seas. adj. (1977 = 100) 1 Q.'90	4 Q.'89	1 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	317.6	128	126	128
Unemployed, no. of residents	15.4	92	96	70
Rate, seasonally adjusted	4.3			
Civilian labor force, no. of residents	333.0	126	124	124
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	311.1	128	127	125
Srv. Prod. only, no. of jobs	246.8	137	136	134
Goods Prod. only, no. of jobs	64.4	101	102	102
Hrs. worked by production workers in mfg., ave. weekly	40.4	n.a.	n.a.	n.a.
Industrial electric power sales	***	75	78	89
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	54.5	−35		
Nonresidential contracts only	41.1	+ 8		

[1]Cumberland, Dauphin, Lebanon, and Perry Counties

Lancaster Area[1]

	Ave. mo. value 1 Q.'90	Average monthly index seas. adj. (1977 = 100) 1 Q.'90	4 Q.'89	1 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	213.0	138	137	139
Unemployed, no. of residents	9.5	110	102	80
Rate, seasonally adjusted	4.2			
Civilian labor force, no. of residents	222.5	137	135	136
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	186.9	134	134	133
Srv. Prod. only, no. of jobs	116.8	153	153	150
Goods Prod. only, no. of jobs	70.1	111	112	112
Hrs. worked by production workers in mfg., ave. weekly	40.4	102	102	103
Industrial electric power sales	***	144	141	142
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	40.1	− 31		
Nonresidential contracts only	38.9	+464		

[1]Lancaster County

Philadelphia

Construction trends are far from impressive in the Philadelphia metropolitan area. In the Pennsylvania portion of the region, new building permit authorizations are down 6.6 percent for residential projects and 2.3 percent on the nonresidential side. During 1989, the region realized declines in the double-digits. Other indicators of building activity also point to some weakness. Both job levels and the value of construction contracts awarded in the first quarter are down compared to a year ago.

For the goods producing sector as a whole, job levels stand at their lowest first quarter total since 1983. The 454,100 jobs in these establishments represent a decline of 12,800 from a year ago. Durable goods producers reduced payrolls by 5,200 jobs over the period to go along with a loss of 2,700 positions in nondurable goods establishments. Recent trends in electricity sales to industry and in the average factory workweek, while not especially worrisome, do not point to any growth in the factory sector.

In the service producing sector, retail sales are up a strong 9 percent, with growth evenly split between the durable and nondurable goods categories. Some strength is even apparent in the auto dealers component. All told, first quarter's 1,729,200 service producing jobs represent a gain of just 0.9 percent from a year ago, down from the 2.8 percent annual average gain from the 1983-1989 period. Despite the gain in sales, retail trade employment is actually down by 500 from last year's first three months. Service jobs are up by 14,600 while jobs in finance-related industries are down by 3,000 over the same period.

Employment and unemployment trends point to some slack

Philadelphia Area[1]

	Ave. mo. value 1 Q.'90	Average monthly index seas. adj. (1977 = 100) 1 Q.'90	4 Q.'89	1 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	2,310.2	124	123	126
Unemployed, no. of residents	113.7	61	58	50
Rate, seasonally adjusted	4.5			
Civilian labor force, no. of residents	2,423.9	118	117	119
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	2,183.4	121	120	121
Srv. Prod. only, no. of jobs	1,729.2	132	131	131
Goods Prod. only, no. of jobs	454.1	91	91	93
Hrs. worked by production workers in mfg., ave. weekly	40.3	102	101	102
Industrial electric power sales	***	111	110	113
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	268.6	– 37		
Nonresidential contracts only	298.2	– 40		

[1]Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading Area[1]

	Ave. mo. value 1 Q.'90	Average monthly index seas. adj. (1977 = 100) 1 Q.'90	4 Q.'89	1 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	169.2	126	125	126
Unemployed, no. of residents	9.7	101	94	73
Rate, seasonally adjusted	5.1			
Civilian labor force, no. of residents	173.9	125	123	123
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	154.7	119	119	117
Srv. Prod. only, no. of jobs	100.7	134	132	128
Goods Prod. only, no. of jobs	54.0	99	100	101
Hrs. worked by production workers in mfg., ave. weekly	41.1	106	104	104
Industrial electric power sales	***	146	140	146
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	22.6	– 34		
Nonresidential contracts only	12.8	– 41		

[1]Berks County

in the region's economy. The number of residents officially listed as employed is down by 36,400 from a year ago. Each of the five Pennsylvania counties in the region maintain lower employment levels than a year ago. As a result, unemployment is up by 21,400 residents, pushing up the jobless rate from 3.8 to 4.7 percent. On a brighter note, the seasonally adjusted level of employment is up from last year's fourth quarter, the second consecutive quarterly advance.

All things considered, the region's economy has slowed considerably from its impressive showing in the mid 1980s. After an extended period in which this portion of southeastern Pennsylvania was one of the strongest in the State (and arguably, the nation), the metro area is now turning in a below-average performance. But, at least in the suburban counties of the region, this slowdown comes after economic activity rose to a record high, providing these counties with a bit of a cushion.

The short-term outlook is for more of the same. Nothing on the horizon points to any reversal in the region's fortunes. Hence, it is quite likely that employment will continue to inch down, resulting in continued upward pressure on joblessness. Over the longer-term, however, things are perhaps a bit brighter. Employment in much of the region is relatively heavily concentrated in those service producing industries which provided the bulk of all new jobs throughout the State during the 1980s. Assuming that these industries continue generating most new jobs in the 1990s, the region may, once again, turn in a strong performance.

Reading

The slowdown in the rate of economic growth in Berks County, first noticed in last year's second half, has continued into the first three months of 1990. The result is an economy that appears to be holding steady, albeit at a historically high rate of overall activity. These general findings are evident in recent employment and unemployment trends. Between the first quarters of 1989 and 1990, employment in the region is up by a minimal 100 residents. Coupled with a rise in the labor force of 2,600, this pushed up the number of unemployed by 2,500. Despite the fact that the seasonally adjusted jobless rate is at its highest level in three years, employment remains at or near record high readings.

Trends in nonfarm jobs, which many analysts feel are a more reliable indicator than the resident data, are a bit more encouraging. The 154,700 establishment-related jobs in the first quarter translate into a record high after seasonal adjustment and represent a gain of 1.8 percent from a year ago. This is down a bit from the 2 percent average annual gain over the 1982-1989 period. The gains recorded so far this year have been considerably stronger than in the Commonwealth. Trends over both the short- and long-run have been quite impressive in Berks County relative to the State.

All of the jobs generated over the course of the past year are accounted for by the service producing sector with 3,900 new jobs over the 1989:IQ-1990:IQ period. The service industries contributed 1,400 new jobs. Retail trade jobs are up by 1,000 or 3.9 percent. This represents some improvement over trends in previous years. Statewide, these jobs are up just 0.4 percent as job growth has slowed considerably in

York Area[1]

	Ave. mo. value 1 Q.'90	Average monthly index seas. adj. (1977 = 100) 1 Q.'90	4 Q.'89	1 Q.'89
Employment *(in thousands)*				
Employed, no. of residents	213.0	140	138	140
Unemployed, no. of residents	11.5	109	98	83
Rate, seasonally adjusted	4.9			
Civilian labor force, no. of residents	224.5	138	135	137
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	180.0	128	127	127
Srv. Prod. only, no. of jobs	110.1	146	144	141
Goods Prod. only, no. of jobs	69.9	107	108	111
Hrs. worked by production workers in mfg., ave. weekly	41.5	101	102	102
Industrial electric power sales	***	104	106	126
Construction contracts awarded *(in millions of dollars)*	'90 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	54.1	0		
Nonresidential contracts only	6.9	– 10		

[1]Adams and York Counties

this industry. The finance, insurance, and real estate industry has contributed 500 jobs over the course of the year.

On the goods producing side, weakness in manufacturing has offset continued strength in construction, pushing overall job levels down slightly. While the value of construction contracts awarded are down in the first quarter from a year ago, building-related jobs are up by 400. However, the region's factories cut 1,500 jobs from payrolls over the same period. The region's largest manufacturing industry, in terms of jobs, electronic equipment, accounts for nearly one-half of the decline. Despite the shrinking job base, electricity sales to industry, a proxy for manufacturing output trends, suggest that production is holding its own. Positive trends are also evident as they relate to the average factory workweek which stands near the historical high. This may limit downward pressure on jobs in the future.

York

In the February issue of the *Pennsylvania Business Survey*, some weakening in the goods producing sector was forecast. Trends through 1990's first quarter suggest that this has, indeed, been the case in the York metro area. A post-recession peak in job levels occurred at the beginning of 1989. Since then, jobs have declined almost continuously. At 69,900 in this year's first quarter, goods producing jobs are down 2,300 from a year ago. Practically all of this decline can be traced to durable goods manufacturers. Industrial machinery, the largest employer, has reduced job levels by 200. There is a much smaller decline of 200 on the nondurables side. Furthermore, both the average factory workweek and industrial power sales have receded a bit from a year ago.

The construction industry is home to 500 more jobs in 1990:IQ compared to a year ago. This is despite a sluggish showing with respect to the value of contracts awarded. On the other hand, permit data for Adams County show that 16 percent more new houses have been authorized compared to the first three months of 1989. On the nonresidential side, authorized projects are down 6 percent.

Strength in the service producing industries has more than offset goods producing's problems. Job totals continue to set a new record on practically a monthly basis. The 110,100 positions in these establishments represent a gain of 3,800 from a year ago. First quarter represents the 30*th* consecutive period in which job levels have increased. Over this period, stretching back to the final quarter of 1982, jobs have increased 31 percent. Over the same period, service producing jobs Statewide have increased just 20 percent. At the same time, the share of jobs accounted for by these industries has increased from 57.8 percent to 61 percent as they have accounted for the bulk of all new jobs created in the region.

Trends on the employment/unemployment front have cooled off in recent quarters. First quarter finds employment down 0.4 percent in Adams County and 0.5 percent in York County from a year ago. As a result, jobless rates are up 1 and 1.2 percentage points, respectively. On the bright side, this slowdown comes after several years of uninterrupted improvement. Hence, employment hovers only slightly below a record high. Clearly, several years of good news leaves the region on farily solid ground heading into the 1990s, despite some more recent signs of a slowdown.

—William D. Anderson

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